

SENATE AMENDMENTS

2nd Printing

By: Dutton

H.B. No. 572

A BILL TO BE ENTITLED

AN ACT

relating to authorizing a dropout recovery competency-based educational program provided through a campus or campus program charter or open-enrollment charter school.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 12, Education Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. DROPOUT RECOVERY COMPETENCY-BASED EDUCATIONAL PROGRAM

Sec. 12.201. DEFINITION. In this subchapter, unless the context indicates otherwise, "program" means a dropout recovery competency-based educational program authorized under this subchapter.

Sec. 12.202. PROGRAM AUTHORIZATION. (a) A school district or open-enrollment charter school may offer a dropout recovery competency-based educational program to eligible students as provided by this subchapter.

(b) A program offered under this subchapter must:

(1) serve students in grades 9 through 12 and have an enrollment of which at least 50 percent of the students are 16 years of age or older as of September 1 of the school year as reported for the fall semester Public Education Information Management System (PEIMS) submission; and

(2) meet the eligibility requirements for and be

1 registered under alternative education accountability procedures
2 adopted by the commissioner.

3 (c) A dropout recovery competency-based educational program
4 may be offered at a new or existing school district or
5 open-enrollment charter school campus, as a new campus program, or
6 as part of an existing campus program, including a campus or campus
7 program that has been granted a charter under Subchapter C.

8 (d) Notwithstanding any other provision of this code, a
9 nonprofit entity granted a charter under Section 29.259 may
10 transfer the adult education program operated under that charter as
11 a campus to a school district or open-enrollment charter school to
12 be offered as a program under this subchapter, subject to the
13 commissioner's approval. For purposes of this subchapter, an adult
14 education program transferred as a campus under this subsection is
15 a program under this subchapter.

16 Sec. 12.203. ELIGIBLE STUDENT. (a) A student is eligible
17 to enroll in a program offered under this subchapter if the student
18 is at least 14 years of age and under 26 years of age on September 1
19 of the school year and meets one or more of the following criteria:

20 (1) the student was reported through the Public
21 Education Information Management System (PEIMS) or in another state
22 to have dropped out of school, including a student who has
23 previously dropped out of school;

24 (2) the student is a student at risk of dropping out of
25 school under the circumstances described by Section
26 29.081(d)(1)(A), (B), (C), (E), or (J);

27 (3) the student has been placed in a disciplinary

1 alternative education program under Section 37.006 during the
2 previous or current school year based on the Public Education
3 Information Management System (PEIMS) submissions or other
4 supporting documentation;

5 (4) the student has been expelled under Section 37.007
6 during the previous four school years or the current school year;

7 (5) the student is currently on parole, probation,
8 deferred prosecution, deferred adjudication, or other conditional
9 release;

10 (6) the student is currently in the custody or care of
11 the Department of Family and Protective Services or has been
12 referred to the department during the previous or current school
13 year by a school official, officer of a juvenile court, or law
14 enforcement official;

15 (7) the student has been previously or is currently
16 homeless as defined by 42 U.S.C. Section 11302 or within the meaning
17 of the term "homeless children and youths" under 42 U.S.C. Section
18 11434a, as applicable;

19 (8) the student resided at any time or currently
20 resides in a residential care facility, including a detention
21 facility, substance abuse treatment facility, emergency shelter,
22 psychiatric hospital, halfway house, cottage home operation,
23 specialized child-care home, or general residential operation;

24 (9) the student is employed and working for pay at
25 least 15 hours or more each week to provide individual support or to
26 support the student's family;

27 (10) the student is ordered by a court to attend a high

1 school equivalency certificate program but has not yet earned the
2 certificate or a high school diploma;

3 (11) the student has previously been placed on a
4 personal graduation plan under Section 28.0212 or an intensive
5 program of instruction under Section 28.0213; or

6 (12) the student or the parent of or person standing in
7 parental relation to the student certifies to the school that the
8 student would benefit from the program to otherwise avoid dropping
9 out of school due to extenuating family circumstances or
10 responsibilities, including to provide medical or caregiving
11 services to a family member or to provide individual support or to
12 support the student's family.

13 (b) A student is eligible to enroll in a program provided
14 under this subchapter if the student is at least 26 years of age and
15 under 50 years of age and meets one of the following criteria:

16 (1) has failed to complete the curriculum requirements
17 for high school graduation; or

18 (2) has failed to perform satisfactorily on an
19 assessment instrument required for high school graduation.

20 (c) Students enrolled in a program under Subsection (b) may
21 not be counted toward the maximum student enrollment described by
22 Section 12.0522 or an open-enrollment charter school's charter, as
23 applicable.

24 Sec. 12.204. ELIGIBILITY FOR DIPLOMA. (a) A student
25 enrolled in a program offered under this subchapter may earn high
26 school course credits and receive a high school diploma if the
27 student successfully completes the curriculum requirements

1 described under Section 28.025.

2 (b) A school district or open-enrollment charter school
3 that operates a program under this subchapter shall establish the
4 procedures and requirements to demonstrate satisfactory completion
5 of the program, including:

6 (1) successful completion of coursework to satisfy
7 curriculum requirements under the program; and

8 (2) successful performance on an examination under
9 Section 28.023 to demonstrate mastery of the curriculum.

10 Sec. 12.205. PROGRAM CALENDAR AND CLASS SCHEDULE. (a) A
11 school district or open-enrollment charter school that offers a
12 program under this subchapter shall create an educational calendar
13 and class schedule for the program's operation that provides for
14 flexibility in class scheduling and student attendance. The
15 commissioner shall approve reasonable exceptions to accommodate
16 program scheduling and achieve the program's purpose.

17 (b) The commissioner may waive any requirement under this
18 code to facilitate the purposes of this subchapter.

19 Sec. 12.206. ACCOUNTABILITY. (a) For purposes of
20 accountability, the commissioner shall evaluate the performance of
21 students enrolled in a program under Section 12.203(a) separately
22 from the performance of students enrolled in a program under
23 Section 12.203(b).

24 (b) The performance of students enrolled in a program under
25 Section 12.203(a) shall be evaluated under Section 39.0548 and as
26 provided by commissioner rule.

27 (c) The performance of students enrolled in a program under

Section 12.203(b) shall be evaluated under the performance frameworks adopted under Section 29.259(o). The results of the evaluation may not be considered in determining under Chapter 39 the accreditation status or overall or domain performance ratings of the school district or open-enrollment charter school that offers the program.

Sec. 12.207. FUNDING. (a) A school district or open-enrollment charter school that offers a program under this subchapter is entitled to receive funding for students enrolled in the program under Section 12.203(a) as provided by Chapter 48 or Section 12.106, as applicable, except that, for purposes of this subchapter, the commissioner shall calculate average daily attendance for the program as provided by commissioner rule based on:

(1) a student's successful completion of a number of courses as determined by commissioner rule; and

(2) a student's hours of contact time with the school.

(b) The method under Subsection (a) must provide for a proportionate reduction in funding if a student fails to successfully complete the number of courses determined under Subsection (a)(1).

(c) A school district or open-enrollment charter school that offers a program under this subchapter may use any available state or local funding, including funding received for a campus or campus program that has been granted a charter under Subchapter C or funding received under Section 12.106, as applicable, to provide the program to students described by Section 12.203(b).

1 (d) A school district or open-enrollment charter school
2 that offers a program under this subchapter may receive additional
3 funds appropriated by the legislature for:

4 (1) an intensive program of instruction to the same
5 extent as a program under Section 28.0213; or

6 (2) accelerated instruction to the same extent as a
7 program under Section 28.0217.

8 SECTION 2. Section 29.081(d), Education Code, as amended by
9 Chapters 403 (S.B. 1746), 597 (S.B. 668), and 1060 (H.B. 1051), Acts
10 of the 86th Legislature, Regular Session, 2019, is reenacted and
11 amended to read as follows:

12 (d) For purposes of this section, "student at risk of
13 dropping out of school" includes each student who:

14 (1) is under 26 years of age and who:

15 (A) was not advanced from one grade level to the
16 next for one or more school years;

17 (B) if the student is in grade 7, 8, 9, 10, 11, or
18 12, did not maintain an average equivalent to 70 on a scale of 100 in
19 two or more subjects in the foundation curriculum during a semester
20 in the preceding or current school year or is not maintaining such
21 an average in two or more subjects in the foundation curriculum in
22 the current semester;

23 (C) did not perform satisfactorily on an
24 assessment instrument administered to the student under Subchapter
25 B, Chapter 39, and who has not in the previous or current school
26 year subsequently performed on that instrument or another
27 appropriate instrument at a level equal to at least 110 percent of

1 the level of satisfactory performance on that instrument;

2 (D) if the student is in prekindergarten,
3 kindergarten, or grade 1, 2, or 3, did not perform satisfactorily on
4 a readiness test or assessment instrument administered during the
5 current school year;

6 (E) is pregnant or is a parent;

7 (F) has been placed in an alternative education
8 program in accordance with Section 37.006 during the preceding or
9 current school year;

10 (G) has been expelled in accordance with Section
11 37.007 during the preceding or current school year;

12 (H) is currently on parole, probation, deferred
13 prosecution, or other conditional release;

14 (I) was previously reported through the Public
15 Education Information Management System (PEIMS) to have dropped out
16 of school;

17 (J) is a student of limited English proficiency,
18 as defined by Section 29.052;

19 (K) is in the custody or care of the Department of
20 Family and Protective Services or has, during the current school
21 year, been referred to the department by a school official, officer
22 of the juvenile court, or law enforcement official;

23 (L) is homeless;

24 (M) resided in the preceding school year or
25 resides in the current school year in a residential placement
26 facility in the district, including a detention facility, substance
27 abuse treatment facility, emergency shelter, psychiatric hospital,

1 halfway house, cottage home operation, specialized child-care
2 home, or general residential operation; ~~or~~]

3 (N) ~~[(14)]~~ has been incarcerated or has a parent
4 or guardian who has been incarcerated, within the lifetime of the
5 student, in a penal institution as defined by Section 1.07, Penal
6 Code; or

7 (O) is enrolled in a school district or
8 open-enrollment charter school, or a campus of a school district or
9 open-enrollment charter school, that is designated as a dropout
10 recovery school under Section 39.0548; or

11 (2) regardless of the student's age, participates in
12 an adult education program provided under a high school diploma and
13 industry certification charter school program under Section
14 29.259.

15 SECTION 3. (a) Except as provided by Subsection (b) of this
16 section, this Act applies beginning with the 2021-2022 school year.

17 (b) Subchapter F, Chapter 12, Education Code, as added by
18 this Act, applies beginning with the 2024-2025 school year.

19 SECTION 4. To the extent of any conflict, this Act prevails
20 over another Act of the 87th Legislature, Regular Session, 2021,
21 relating to nonsubstantive additions to and corrections in enacted
22 codes.

23 SECTION 5. This Act takes effect September 1, 2021.

ADOPTED

MAY 26 2021

Lacey Spaw
Secretary of the Senate

By: Dutton/Lucio

H.B. No. 572

Substitute the following for H.B. No. 572:

By: Roger Poyner

C.S.H.B. No. 572

A BILL TO BE ENTITLED

AN ACT

relating to a study by the Texas Education Agency on competency-based educational programs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 29, Education Code, is amended by adding Section 29.928 to read as follows:

Sec. 29.928. STUDY ON COMPETENCY-BASED EDUCATIONAL PROGRAMS. (a) The agency shall conduct a study on the implementation of competency-based educational programs by public schools in the state.

(b) The study must analyze methods of:

(1) providing funding for competency-based educational programs that do not rely on average daily attendance;

(2) assessing the performance of competency-based educational programs under the public school accountability system; and

(3) providing competency-based educational programs to nontraditional students, including adult students.

(c) The agency may solicit and accept gifts, grants, and donations from any public or private source to fund the study.

(d) Not later than December 1, 2022, the agency shall prepare and submit to the legislature a report on the results of the study and any recommendations for legislative or other action.

(e) This section expires September 1, 2023.

1 SECTION 2. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2021.

ADOPTED

MAY 26 2021

Latey Law
Secretary of the Senate

Lauree Lewis, Jr.

FLOOR AMENDMENT NO. 1

BY: _____

1 Amend C.S.H.B. No. 572 (senate committee report) by adding
2 the appropriately-numbered section:

3 SECTION _____. The Texas Education Agency is required to
4 implement this Act only if the legislature appropriates money
5 specifically for that purpose. If the legislature does not
6 appropriate money specifically for that purpose, the agency may,
7 but is not required to, implement this Act using other
8 appropriations available for the purpose.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 27, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB572 by Dutton (Relating to a study by the Texas Education Agency on competency-based educational programs.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB572, As Passed 2nd House : a negative impact of (\$200,000) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The Texas Education Agency is required to implement this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for the purpose, the agency may, but is not required to, implement this Act using other appropriations available for the purpose.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	(\$100,000)
2023	(\$100,000)
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2022	(\$100,000)
2023	(\$100,000)
2024	\$0
2025	\$0
2026	\$0

Fiscal Analysis

Under the bill's provisions, the Texas Education Agency (TEA) would conduct a study on the implementation of competency-based educational programs by public schools in Texas. Before December 1, 2022, TEA would be required to prepare and submit a report to the legislature on the results of the study and provide any recommendations for legislative or other action.

Methodology

TEA estimates the cost to complete the study and prepare the report to be \$100,000 in FY 2022 and \$100,000 in FY 2023.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, LBO, SL, AH

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 24, 2021

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB572** by Dutton (relating to a study by the Texas Education Agency on competency-based educational programs.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB572, Committee Report 2nd House, Substituted : a negative impact of (\$200,000) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	(\$100,000)
2023	(\$100,000)
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2022	(\$100,000)
2023	(\$100,000)
2024	
2025	
2026	

Fiscal Analysis

Under the bill's provisions, the Texas Education Agency (TEA) would conduct a study on the implementation of competency-based educational programs by public schools in Texas. Before December 1, 2022, TEA would be required to prepare and submit a report to the legislature on the results of the study and provide any recommendations for legislative or other action.

Methodology

TEA estimates the cost to complete the study and prepare the report to be \$100,000 in FY 2022 and \$100,000

in FY 2023.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, SL, AH

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 18, 2021

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB572** by Dutton (Relating to authorizing a dropout recovery competency-based educational program provided through a campus or campus program charter or open-enrollment charter school.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB572, As Engrossed : a negative impact of (\$585,140) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	(\$209,070)
2023	(\$376,070)
2024	(\$282,420)
2025	(\$13,679,836)
2026	(\$8,389,793)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$209,070)	\$0	2.0
2023	(\$376,070)	\$0	2.0
2024	(\$282,420)	\$0	3.0
2025	(\$282,420)	(\$13,397,416)	3.0
2026	(\$282,420)	(\$8,107,373)	3.0

Fiscal Analysis

The bill's provisions would authorize a dropout recovery competency-based educational program provided through a campus, campus program charter, or open-enrollment charter school for students ages 14 to 26 who meet certain criteria and students between ages 26 and 50 who meet certain criteria. The program would begin in the 2024-2025 school year.

Methodology

To qualify for the program, a school must serve grades 9-12, have over 50% of its students be at least 16 years old, and meet the alternative education accountability (AEA) eligibility requirements and register as an AEA school. Charter schools would need to engage in two admission and enrollment application cycles to ensure they continue to meet the 50% threshold. TEA would need to develop a new application and system for review. TEA assumes on-going costs of 2 FTEs (one Program Specialist VI and one Research Specialist III) associated with the implementation of the bill to conduct input meeting(s), promulgate rules, create an application, verify and coordinate data requirements, submission of calendars and class schedules, vetting of applications, and creation of the legislative report. Employee costs include annual salary, benefits and payroll contributions of \$172,070 and other operating expenses of \$12,000 in FY 22 and \$4,000 in subsequent years.

The bill's provisions would create a second enrollment category for 26–50-year-old students who have failed to complete curriculum requirements or failed state exit-level assessments.

TEA assumes that additional students not currently generating entitlement through the Foundation School Program (FSP) would become eligible for the program under the provisions of the bill. There were 30,898 dropout students grade 9 through 12 in Texas in fiscal year 2019, the latest year with available data. The agency assumes it would take one year for charters to be granted authorization under the pilot and estimates that 1,000 additional students would enroll in FY 2023. Converting student enrollment to average daily attendance (ADA) using the most recent 2017-2018 statewide attendance data (954) and assuming less than normal contact hours and course completion requirements (70%), TEA estimates an ADA increase of 667.8. The average charter school funding per ADA is \$9,500 in fiscal year 2020.

The agency assumes that additional students between the ages of 26 and 50 would become eligible for the program beginning in the 2024-2025 school year under the bill's provisions. To estimate the costs for this bill, TEA considered historical ADA of Excel Center for Adults. The agency estimates 716 ADA in FY 2025 and 823 ADA in the program in FY 2026. Funding per ADA was estimated using the Excel Center's average funding per ADA from FY 2015 through FY 2020 at \$9,488 and an average annual percent change of 3.82% and held constant through FY 2026.

The estimated cost for the bill to the Foundation School Program would be \$0 in FY 2022 through FY 2024. For FY 2025 the estimated cost would be \$13,679,836 and \$8,389,793 in FY 2026.

The bill's provisions would add to the number of entities that would be evaluated under the performance framework. Currently subchapter C campus charters referred to in Section 12.202(a) are not evaluated for financial, operational, or governing standards. Additionally, accreditation status is not conferred to Subchapter C charter campuses as they are not considered LEAs, but their accountability does impact the local education agency's (LEA) accountability rating and LEA accreditation ratings. The frameworks are an LEA level evaluation and include financial, operational, and governing standards. New language only contemplates academic standards. Campus level frameworks would need to be developed by agency staff.

Based on similar initiatives, TEA estimates the need for an additional Financial Analyst III to administer the program and generate a report evaluating the pilot program beginning in FY 2024. The program would require extensive rule adopting and extensive technical support for new entities. Employee costs include annual salary, benefits and payroll contributions of \$104,350 and annual other operating expenses of \$2,000 starting in FY 2024.

The commissioner of education would be required to submit a report to the legislature no later than December 1, 2023. TEA estimates the cost for an external vendor to support this requirement would be \$200,000 in FY 2023.

The bill's provision relating to the Dropout Recovery Competency-Based Education pilot program expire December 1, 2023.

Technology

TEA estimates enhancements to the Charter School Tracking System to be \$25,000 in FY 2022.

Local Government Impact

The bill's provisions would require participating school districts and open-enrollment charter schools to have an audit of the program operation by an independent certified public accountant, at the entity's expense.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, SL, AH

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 22, 2021

TO: Honorable Harold V. Dutton, Jr., Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB572** by Dutton (relating to authorizing a dropout recovery competency-based educational program provided through a campus or campus program charter or open-enrollment charter school.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB572, Committee Report 1st House, Substituted : a negative impact of (\$585,140) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$209,070)
2023	(\$376,070)
2024	(\$282,420)
2025	(\$13,679,836)
2026	(\$8,389,793)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$209,070)	\$0	2.0
2023	(\$376,070)	\$0	2.0
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2025	(\$282,420)	(\$13,397,416)	3.0
2026	(\$282,420)	(\$8,107,373)	3.0

Fiscal Analysis

The bill's provisions would authorize a dropout recovery competency-based educational program provided through a campus, campus program charter, or open-enrollment charter school for students ages 14 to 26 who meet certain criteria and students between ages 26 and 50 who meet certain criteria. The program would begin in the 2024-2025 school year.

Methodology

To qualify for the program, a school must serve grades 9-12, have over 50% of its students be at least 16 years old, and meet the alternative education accountability (AEA) eligibility requirements and register as an AEA school. Charter schools would need to engage in two admission and enrollment application cycles to ensure they continue to meet the 50% threshold. TEA would need to develop a new application and system for review. TEA assumes on-going costs of 2 FTEs (one Program Specialist VI and one Research Specialist III) associated with the implementation of the bill to conduct input meeting(s), promulgate rules, create an application, verify and coordinate data requirements, submission of calendars and class schedules, vetting of applications, and creation of the legislative report. Employee costs include annual salary, benefits and payroll contributions of \$172,070 and other operating expenses of \$12,000 in FY 22 and \$4,000 in subsequent years.

The bill's provisions would create a second enrollment category for 26–50-year-old students who have failed to complete curriculum requirements or failed state exit-level assessments.

TEA assumes that additional students not currently generating entitlement through the Foundation School Program (FSP) would become eligible for the program under the provisions of the bill. There were 30,898 dropout students grade 9 through 12 in Texas in fiscal year 2019, the latest year with available data. The agency assumes it would take one year for charters to be granted authorization under the pilot and estimates that 1,000 additional students would enroll in FY 2023. Converting student enrollment to average daily attendance (ADA) using the most recent 2017-2018 statewide attendance data (954) and assuming less than normal contact hours and course completion requirements (70%), TEA estimates an ADA increase of 667.8. The average charter school funding per ADA is \$9,500 in fiscal year 2020.

The agency assumes that additional students between the ages of 26 and 50 would become eligible for the program beginning in the 2024-2025 school year under the bill's provisions. To estimate the costs for this bill, TEA considered historical ADA of Excel Center for Adults. The agency estimates 716 ADA in FY 2025 and 823 ADA in the program in FY 2026. Funding per ADA was estimated using the Excel Center's average funding per ADA from FY 2015 through FY 2020 at \$9,488 and an average annual percent change of 3.82% and held constant through FY 2026.

The estimated cost for the bill to the Foundation School Program would be \$0 in FY 2022 through FY 2024. For FY 2025 the estimated cost would be \$13,679,836 and \$8,389,793 in FY 2026.

The bill's provisions would add to the number of entities that would be evaluated under the performance framework. Currently subchapter C campus charters referred to in Section 12.202(a) are not evaluated for financial, operational, or governing standards. Additionally, accreditation status is not conferred to Subchapter C charter campuses as they are not considered LEAs, but their accountability does impact the local education agency's (LEA) accountability rating and LEA accreditation ratings. The frameworks are an LEA level evaluation and include financial, operational, and governing standards. New language only contemplates academic standards. Campus level frameworks would need to be developed by agency staff.

Based on similar initiatives, TEA estimates the need for an additional Financial Analyst III to administer the program and generate a report evaluating the pilot program beginning in FY 2024. The program would require extensive rule adopting and extensive technical support for new entities. Employee costs include annual salary, benefits and payroll contributions of \$104,350 and annual other operating expenses of \$2,000 starting in FY 2024.

The commissioner of education would be required to submit a report to the legislature no later than December 1, 2023. TEA estimates the cost for an external vendor to support this requirement would be \$200,000 in FY 2023.

The bill's provision relating to the Dropout Recovery Competency-Based Education pilot program expire December 1, 2023.

Technology

TEA estimates enhancements to the Charter School Tracking System to be \$25,000 in FY 2022.

Local Government Impact

The bill's provisions would require participating school districts and open-enrollment charter schools to have an audit of the program operation by an independent certified public accountant, at the entity's expense.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, SL, AH

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 5, 2021

TO: Honorable Harold V. Dutton, Jr., Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB572** by Dutton (Relating to authorizing a dropout recovery competency-based educational pilot program provided through a campus or campus program charter or open-enrollment charter school.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB572, As Introduced : a negative impact of (\$7,145,940) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$319,420)
2023	(\$6,826,520)
2024	(\$176,070)
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$319,420)	\$0	3.0
2023	(\$482,420)	(\$6,344,100)	3.0
2024	(\$176,070)	\$0	2.0
2025	\$0	\$0	0.0
2026	\$0	\$0	0.0

Fiscal Analysis

The bill's provisions would authorize a dropout recovery competency-based educational pilot program provided through a campus, campus program charter, or open-enrollment charter school for students ages 14 to 26 who meet certain criteria.

Methodology

To qualify for the pilot, a school must serve grades 9-12, have over 50% of its students be at least 17 years old,

and meet the alternative education accountability (AEA) eligibility requirements and register as an AEA school. Charter schools would need to engage in two admission and enrollment application cycles to ensure they continue to meet the 50% threshold. TEA would need to develop a new application and system for review. TEA assumes on-going costs of 2 FTEs (one Program Specialist VI and one Research Specialist III) associated with the implementation of the bill to conduct input meeting(s), promulgate rules, create an application, verify and coordinate data requirements, submission of calendars and class schedules, vetting of applications, and creation of the legislative report. TEA estimates enhancements to the Charter School Tracking System to be \$25,000 in FY 2022.

TEA assumes that additional students not currently generating entitlement through the Foundation School Program (FSP) would become eligible for the pilot program under the provisions of the bill. There were 30,898 dropout students grade 9 through 12 in Texas in fiscal year 2019, the latest year with available data. The agency assumes it would take one year for charters to be granted authorization under the pilot and estimates that 1,000 additional students would enroll in FY 2023. Converting student enrollment to average daily attendance (ADA) using the most recent 2017-2018 statewide attendance data (954) and assuming less than normal contact hours and course completion requirements (70%), TEA estimates an ADA increase of 667.8. The average charter school funding per ADA is \$9,500 in fiscal year 2020, increasing costs to the FSP by \$6,344,100 (667.8*\$9,500) in FY 2023.

Based on similar initiatives, TEA estimates the need for an additional Financial Analyst III to administer the program and generate a report evaluating the pilot program. The program would require extensive rule adopting and extensive technical support for new entities.

The commissioner of education would be required to submit a report to the legislature no later than December 1, 2023. TEA estimates the cost for an external vendor to support this requirement would be \$200,000 in FY 2023.

The salary of the 3 FTEs detailed in TEA's analysis would be \$206,253 in FY 2022 and FY 2023, and \$128,391 for the Program Specialist and Research Specialist in FY 2024. Benefits and payroll would total \$67,073 and \$3,094 in FY 2022 and FY 2023; and \$41,753 and \$1,926 in FY 2024. Total new employee costs would be \$276,420 in FY 2022 and FY 2023 and \$172,070 in FY 2024.

TEA estimates other operating expenses to be \$18,000 in FY 2022; \$6,000 in FY 2023; and \$4,000 in FY 2024.

The bill's provision relating to the Dropout Recovery Competency-Based Education pilot program expire December 1, 2023.

Local Government Impact

The bill's provisions would require participating school districts and open-enrollment charter schools to have an audit of the program operation by an independent certified public accountant, at the entity's expense.

Source Agencies: 701 Texas Education Agency
LBB Staff: JMc, SL, AH